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BUDGET SPEECH

DELIVERED BY

HONORABLE F. G. MARCHAND

TREASURER OF THE PROVINCE

IN THE

LEGISLATIVE ASSEMBLY OF QUEBEC

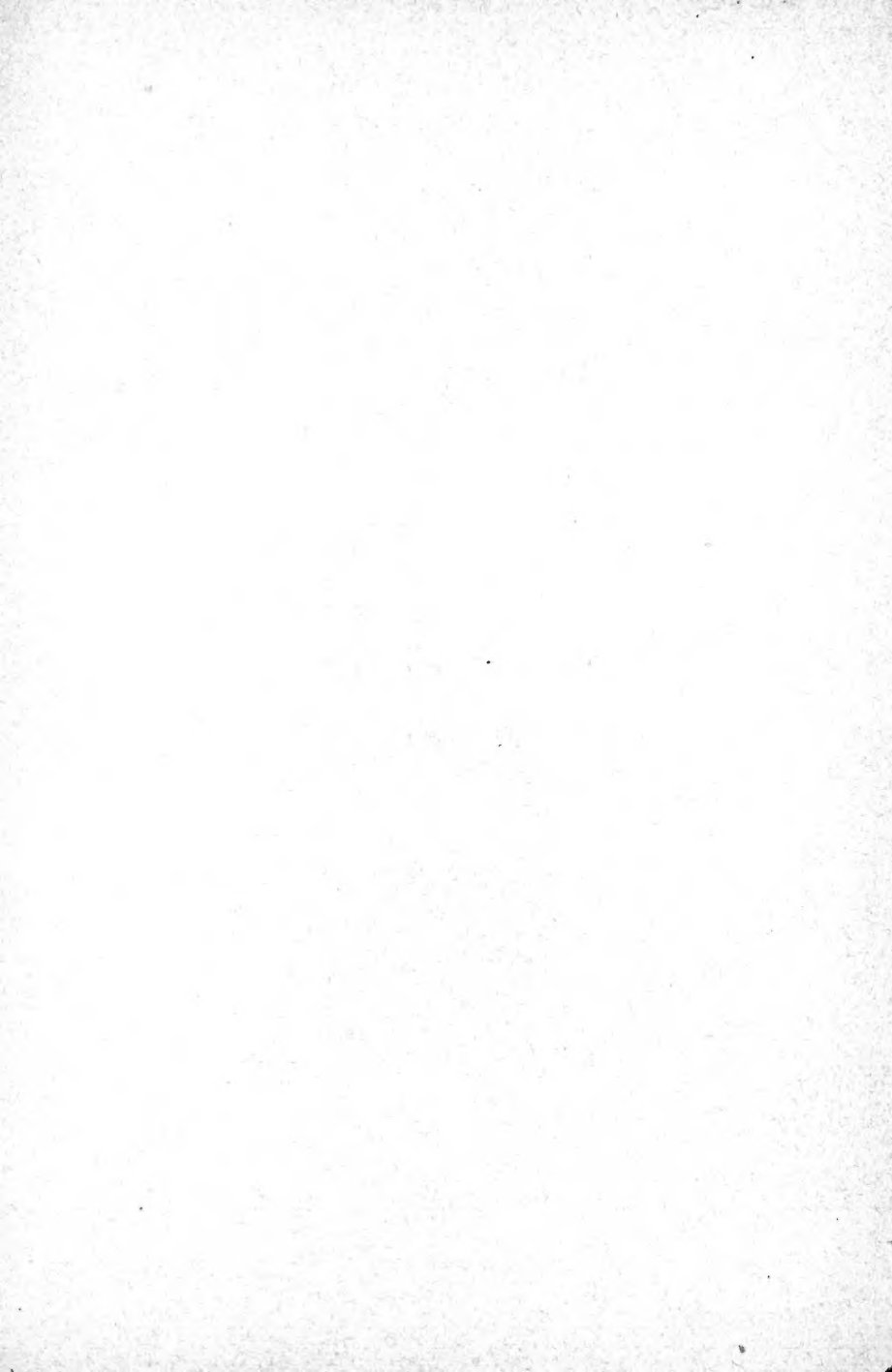
JANUARY 24th, 1900



QUEBEC

"DAILY TELEGRAPH" BOOK AND JOB PRINT

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JANUARY 24th, 1900.

MR. SPEAKER,

In assuming the administration of the finances of the Province two years ago, I pledged myself to an undertaking which may have seemed rash and which I myself would have deemed impracticable had I not counted upon the generous assistance of the majority of this House and upon its firm determination to assist me in the difficult and ungrateful task I had imposed upon myself.

In fact, at first sight, the situation seemed a desperate one. Notwithstanding the considerable increase in receipts added by our predecessors to the annual revenue in the shape of new taxes, to the average amount of \$500,000 per annum, we had at the expiration of the fiscal year 1896-97 accumulated enormous liabilities which during the last year alone of their administration had been increased by \$2,709,660.44 as I showed in my Budget Speech last year, pages 5 and 6, and as appears by the following statement :

The excess of liabilities over assets on 30th June, 1897, was	\$25,491,658 16
While on the previous 30th June it was only.....	22,156,346 30

Thus this excess had in a single year been increased by....	\$ 3,335,311 86
From which must be deducted the amount added to our liabilities during that period by the conversion of the debt.....	625,651 42

Leaving an increase in the liabilities during that year 1896-97 of.....	\$ 2,709,660 44
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On the other hand the Public Accounts for 1896-97, far from balancing, showed a deficit of \$810,484.20 in the ordinary receipts and expenditure and \$984,043.01 in the total expenditure, less guarantee deposits and railway subsidies. These figures, based on official statements, are incontestable and their correctness has never been denied by my opponents who, without contesting them, have nevertheless sought to explain them contradictorily by pretending that in a single month of the year 1896-97, under our administration, we succeeded, by neglecting collection and anticipating future expenditure, in accumulating the deficit I have just mentioned.

To demonstrate the futility of such a pretension, it suffices to remember that the Government that preceded us retained the reins of power during the first eleven months of the year in question ; that, at the end of that period, when we succeeded it on the 26th May, 1897, not only was the whole budget exhausted but it was even exceeded to the extent of \$24,638.91 and on that date, the deficit between ordinary revenue and ex-

penditure already amounted to \$595,507.77, as shown by the following statement :

Total ordinary expenditure on 26th May, 1897.	\$3,808,001 46
Total ordinary receipts	“ “ “ 3,212,493 69
Deficit on 26th May, 1897.....	\$ 595,507 77

This alone would suffice to show the facts exactly, but there is still more.

In order to establish that we were guilty of having intentionally interrupted the collection of the revenue and unnecessarily anticipated on the expenditure, as has been asserted, it should have been proved that the amount of the collection was below the usual average of the receipts for the month of June and that we should, without necessity, have accumulated, prior to the 1st July, 1897, payments imputable to the following year. Now, here are the facts: The collection from the 26th May to the 30th June for the years 1895, 1896 and 1897 was as follows :

1895.....	\$513,897 36
1896.....	630,310 11
1897.....	600,906 76

From the 26th May to the 30th June, 1897, we collected \$87,009.40 more than during the same period of 1895 and \$29,403.35 less than in 1896. Our receipts for that period of the year 1897 exceeded by \$28,828.00 the average of those for the same periods of the two previous years, and consequently the charge made against us of having neglected collection in order to increase the deficit of our predecessors falls of itself.

It is all the more unfair that, previous to the general elections, their Provincial Secretary had given instructions to his deputy minister not to press the collection which, in his department, remained in suspense until our accession. Those instructions have already been read out before this House and I am prepared to produce a copy, if necessary. On our part we pressed the collection of moneys by circulars to the revenue collectors which are already known to this House and which I might also lay on the table, if required.

To show the injustice of the charge still more clearly, it suffices to give the amount of the collections during the same period (from the 26th May to the 30th June) during the five years of our predecessors' regime.

Here is a statement thereof, taken from the books of the Treasury Department :

In 1892.....	\$ 360,548 96
1893.....	432,226 33
1894.....	532,681 89
1895.....	513,897 36
1896.....	630,310 11

Total for the five years..... \$2,469,664 65

Average for the five years of the Conservative regime.....	\$493,932 93
Amount collected in 1897.....	600,906 76

Our collections therefore during the period indicated exceeded
the average of the previous years by..... \$106,973 83

As to the second pretension which consists in accusing us of having anticipated future payments to increase the year's expenditure in a disproportionate manner, I have but to indicate some of the payments that we made on account of the previous Government to show, in an incontestable manner, that such payments were urgently needed to settle debts which our predecessors could not have avoided meeting before the end of their fiscal year without seriously compromising the credit of the province. Among other things, we had to pay the following sums :

For interest on the public debt.....	\$386,623 45
For expenses of legislation.....	54,679 44
For salaries and contingent expenses of civil government.....	28,939 11
For administration of justice incurred and due.....	107,664 63
For public instruction.....	52,883 34
For debts accumulated in the Departments of Agriculture and Colonization.....	29,255 11
For public works (ordinary).....	85,439 30

Amounts due to insane asylums.....	55,151 64
Miscellaneous expenses.....	75,247 17

\$815,883 19

Deducting from this total which represents the amount of the payments made from the 26th May to the 30th June, 1897, the amount of our receipts in the same period.....	600,906 76
---	------------

There is a deficit of..... \$214,976 43

Which, added to the deficit of the 26th May, 1897, already mentioned.....	595,597 77
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Represents the exact deficit for the year 1896-97.. \$810,484 20

These figures are conclusive; they give the mathematical proof of the accuracy of the calculations which have indicated the disastrous results of the financial administration of our predecessors.

They clearly show that the deficit of 1896-97, repudiated by my honorable colleagues opposite, already existed at the time of their fall; that their pretensions to the contrary are without foundation and consequently they bear the full responsibility thereof before the country.

Such, in fact, was the condition of our finances when I undertook to balance them. It was necessary to remove the enormous deficit I have just mentioned and to replace it by a surplus. Notwithstanding the difficulties of the task, I did not hesitate to undertake it and I am happy to be able to state to the House to-day that it is accomplished.

During the course of the first year the deficit of \$810,484.20 was reduced to \$187,000.00, as I have already shown last year in my Budget Speech, and during the second year, which ended only on the 1st July last, it was converted into a surplus which, calculated on the same basis, amounts to \$83,615.33.

Not only does the surplus I have just indicated exist in the receipts over the ordinary expenditure, but even by adding the extraordinary ex-

penses of the year, amounting to \$11,059.11, we still have a surplus of \$22,556.22 in the year's receipts over the total expenditure, both ordinary and extraordinary.

Our liabilities, instead of increasing as in the past, have therefore been decreased by an amount equal to the surplus I have mentioned. Moreover, as shown in the statement of assets and liabilities laid before this House, they have been decreased by an amount of \$70,274.67 employed in redeeming some of our bonds of the 1880 issue and by an amount of \$21,070.17 charged to the sinking fund of the public debt—the whole out of the year's revenue and representing a total decrease in the excess of our liabilities over our assets of \$120,241.96.

Thus the excess of the liabilities over the assets which our predecessors had, during the year 1896-97, increased by \$2,709,660.44 was reduced by us last year out of ordinary revenue to the extent of the sum of \$120,241.96 which I have just mentioned.

Such is the result we have obtained after two years' administration : deficits are wiped out, the public debt is decreased and equilibrium is at last restored.

The House will now permit me to establish a short comparison between my estimates and the result obtained, to show to what extent my forecasts have been realized :

COMPARISON BETWEEN THE ESTIMATES OF 1898-99 AND THE RESULT OBTAINED.

ESTIMATED RECEIPTS.

The estimated ordinary receipts for 1898-99, were..... \$ 4,091,999 42

To this amount must be added that collected by the
sheriffs and revenue collectors and afterwards reimbursed
to them for costs of collection, as set forth in the Public
Accounts.....

73,108 03

\$ 4,165,107 45

The ordinary receipts amounted to.....	4,223,579 43
Leaving a difference in excess of	\$ 58,471 98

ESTIMATED EXPENDITURE.

According to the estimates, the ordinary expenditure was to be..... \$ 4,047,456 92

To this amount must be added the disbursements of Sheriffs and revenue collectors out of their collections, included in the expenditure, as appears by the Public Accounts, and not taken into consideration in the Estimates..... \$ 73,103 03

4,120,564 95

Now the ordinary expenditure for that year 1898-99 was \$ 4,189,964 10

Leaving a difference in excess of..... \$ 69,399 15

These differences between the estimates and the result obtained are not, as may be seen, very great as compared with those of past years. They are fully explained by the inevitable variation in the products of several of our sources of revenue, subject, as I said last year, to "accidental circumstances which cause them, in spite of the efforts of the Government, to undergo unexpected changes in certain services."

They are, however, reduced to insignificant proportions when compared with those in previous years. We have a striking proof of this in the following simple comparison between the estimates of 1896-97 and of 1898-99, with their respective results :

In his Budget Speech for 1896-97, delivered on the 26th November, 1895, my predecessor foresaw an excess of receipts over ordinary expenditure of.....\$ 160,864.68

Far from justifying his forecast, the Public Accounts for that year (1896-97) showed a deficit of..... 810,484.20

Leaving a difference of.....\$ 971,348.88

On the other hand, in my Budget Speech for
1898-99, delivered on the 14th December
1897, I foreshadowed a probable excess
of ordinary receipts over ordinary expen-
diture of..... \$40,115 42

The Public Accounts for the same year
(1898-99) show that I obtained an ex-
cess of..... 33,615 33

Leaving a difference of..... \$ 6,500 09

The difference is enormous and shows, without need of any com-
ment on my part, which side was correct in its calculations.

But if there has been a decrease in certain services, it has been com-
pensated by a proportionate increase in others, and the general result has
differed only by a few thousand dollars from that which I had forecast. I
will cite as chief examples: the revenue from licenses in which there is
a diminution of \$68,259.85 from the amount expected. This diminution
is due to a cause beyond control and which could not be foreseen. It
results from the fact that in a great many municipalities the councils
have refused to grant certificates recommending the sale of alcoholic
liquors within their limits. The number of licenses and the resulting
revenue have diminished in consequence. But this difference and some
others of less extent have been compensated from other sources.

Thus, owing to the importance assumed by our fisheries and forest
lands, the Lands, Forests and Fisheries have yielded a revenue beyond
my expectations. Our receipts from the Federal Government also show
an increase, due to the payment made us this year of interest on certain
trust funds held by the Federal Government and to the increase in the
amount of such funds through certain instalments paid in by the Ontario
Government.

Estates and commercial corporations, with a certain number of less
important services, have also yielded a revenue exceeding my estimates, as
will be seen further on.

These results, due to the diligence with which my colleagues have watched over the collection of revenue in their various departments, have enabled us to restore the promised equilibrium in our Provincial finances.

There have also been certain increases and decreases in the expenditure for several items ; among others the administration of justice, agriculture, colonization, insane asylums and the various expenses consequent upon an increase in the expected disbursements due to an uncontrollable increase in certain services such as that of insane asylums.

But this slight increase is amply compensated by considerable saving in most of the departments of the civil service as I will now show.

ACCOUNTS OF THE PAST THREE YEARS.

For the year ending 30th June 1897, there was, as I have already shown, an excess of ordinary expenditure over ordinary receipts represented by a deficit of.....	\$810,484 20
During the year 1897-98 this deficit was reduced as shown in my Budget Speech last year, page 10, to.....	187,030 33

Making for that fiscal year alone an improvement of.....	623,453 87
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The Public Accounts for the fiscal year ending 30th June last, show that the ordinary receipts and expenditure for that year, including the amounts collected on railway subsidies taxes, were as follows :

Ordinary receipts.....	\$4,223,579 43
Ordinary expenditure.....	4,189,964 10

Making an excess of ordinary receipts over ordinary expenditure of.....	\$33,615 33
---	-------------

Which is an improvement in the finances of this one over 1896-97 of \$844,099.53, and over 1897-98 of \$220,645.66.

**COMPARISON OF THE RECEIPTS AND EXPENDITURE OF 1898-99
WITH THOSE OF 1896-97 AND THOSE OF 1897-98 :**

Ordinary receipts.

The total ordinary receipts of 1898-99, including taxes on railway subsidies, was, as I have just shown.....	\$4,223,579 43
Those of 1897-98 were.....	4,177,656 35
Increase in receipts of 1898-99 over those of 1897-98....	\$45,923 08
The same total receipts of 1898-99	\$4,223,579 43
Compared with those of 1896-97.....	3,874,966 22
Show an increase over the latter year 1896-97 of	\$348,613 21

ORDINARY EXPENDITURE :

The total ordinary expenditure for 1898-99 was	\$4,189,964 10
In 1897-98 it was.....	4,364,686 68
Making a decrease in expenditure for 1898-99 over 1897-98 of	\$174,722 58
The same ordinary expenditure for 1898-99.....	\$4,189,964 10
Compared with that for 1896-97 was.....	4,685,450 42
Shows a decrease over the latter year 1896-97 of.....	\$495,486 32

EXTRAORDINARY EXPENDITURE :

The extraordinary expenditure on public works and buildings during the year 1898-99 was \$39,624.59 less than during the year 1897-98 and \$165,773.17 less than during the year 1896-97.

RAILWAY SUBSIDIES :

The payments on account of railway subsidies during the year 1898-99 were \$96,205.07 less than during the previous fiscal year. The balance

of the railway subsidies authorized by the various acts of the Legislature but in connection with which the conditions under which they were to be paid had not yet been fulfilled on the 30th June, 1899, was \$815,943.67

REPAYMENT OF GUARANTEE DEPOSITS :

The amount repaid on railway guarantee deposits during the year 1898-99 was \$137,841.49 less than during the year 1897-98. The balance remaining to be paid on those deposits was \$33,072.12 on the 30th June, 1899,

I hope the House will not deem superfluous the details I now consider advisable to give, in connection with the expenditure in the various branches of the public service. It will find in them a proof that we continued, last year, to practise the economy we promised.

PUBLIC DEBT.

Decrease... .. \$32,854 00

Made up as follows :

DECREASE :

Interest on floating debt.....	\$ 536 53
Do funded "	50,051 80
Redemption of bonds.....	17,033 32
	\$67,621 65

INCREASE :

Sinking fund.....	\$10,392 39
Charges of management... ..	1,668 01
Discount and charges on conversion of debt.....	22,707 25
	34,767 65

Decrease..... \$32,854 00

LEGISLATION.

Decrease..... \$20,882 97

DECREASE :

Legislative Council.....	\$ 882 18
Legislative Assembly.....	11,847 87
Printing and Binding.....	10,415 15
Election Expenses.....	965 31
	\$24,110 51

INCREASE :

Printing the Statutes.....	\$ 506 69
Indemnity to Revisors, etc.....	2,320 85
	3,227 54

Saving over 1897-98 \$20,882 97

This statement shows that wise economy has been practised in the administration of the affairs of this Legislature during the past fiscal year. I am sure the House will join me in congratulating our worthy Speaker on it.

With respect to this I would observe to my honorable colleagues that not only have the legislative expenses this year been less than estimated, but they show an economy of \$20,882 97 over those of 1897-98 and of \$98,596 19 over those of 1896-97, and that even in 1895-96, the year which my honorable friends opposite are pleased to cite as a model of economical administration, the expenses of the Legislature exceeded those of 1898-99 by the amount of \$5,522.05.

The total expenses of the Legislature during these four years have been as follows :—

1895-96.....	\$195,549 27
1896-97.....	288,623 41
1897-98.....	210,910 19
1898-99.....	190,027 22

CIVIL GOVERNMENT.

Decrease..... \$ 12,934 38

DECREASE :

Contingencies..... \$ 13,124 38

INCREASE :

Salaries. 190 00

Saving over 1897-98..... \$ 12,934 38

ADMINISTRATION OF JUSTICE.

Decrease..... \$ 9,248 56

DECREASE :

Salaries and expenses of Sheriffs, Prothonotaries, criminal prosecutions, etc..... \$ 13,097 94

Inspection of public offices..... 267 95

\$ 13,365.89

INCREASE :

Police..... \$ 1,602 30

Industrial and reformatory schools 2,515 03

4,117 33

Saving over 1897-98..... \$ 9,248 56

PUBLIC WORKS AND BUILDINGS, (Ordinary)

Decrease..... \$ 43,514 75

DECREASE :

Rents, insurances, repairs, &c \$ 17,786 69

Repairs to court houses and gaols..... 12,584 32

Rents of court houses and gaols..... 1,005 68

Insurances of court houses and gaols..... 12,432 12

\$ 43,808 76

INCREASE :

Inspection, &c.....	294 01
Saving on 1897-98.....	\$ 43,514 75

PUBLIC WORKS AND BUILDINGS, (Extraordinary.)

Decrease.....	\$ 39,624 59
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LANDS, FORESTS AND FISHERIES.

Decrease.....	\$ 4,636 90
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DECREASE :

General expenditure.....	\$ 700 00
Protection of forests.....	3,475 18
Publication of geographical maps.....	1,808 42
	\$ 5,983 60

INCREASE :

Fish and game.....	\$ 175 76
Laurentides Park.....	160 43
Suspense accounts.....	1,010 51
	1,346 70

Saving on 1897-98.....	\$ 4,636 90
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EXPLORATIONS, SURVEYS AND MINES.

Decrease.....	\$ 7,057 00
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DECREASE :

Cadastration service.....	\$ 8,000 00
Surveys.....	2,257 00
	\$ 10,257 00

INCREASE :

Mines.....	\$	700 00	
Publication of geographical maps		2,500 00	
		<u>3,200 00</u>	
Saving on 1897-98.....	\$		7,057 00

AGRICULTURE.

Decrease..... \$ 21,808 71

DECREASE :

Farmers' clubs.....	\$	11,455 52	
Horticultural Society, Quebec		116 12	
Agricultural schools.....		8,153 69	
Veterinary schools.....		96 92	
Dairy schools.....		3,829 68	
Agricultural lectures.....		82 20	
Agricultural merit.....		670 83	
Agricultural exhibitions.....		8,000 00	
Ursulines at Roberval, housekeeping school...		2,498 17	
		<u>\$ 34,903 18</u>	

INCREASE :

Agricultural societies.....	\$	17 02	
Council of Agriculture.....		80 36	
Dairy associations'.....		967 01	
Arbor Day.....		30 08	
Improvement of rural roads.....		3,999 95	
Paris Exhibition.....		3,000 00	
Compton Model Farm.....		5,000 00	
		<u>13,094 42</u>	

Saving on 1897-98..... \$ 21,808 71

This saving of \$21,808.71 bears especially on the agricultural schools certain farmers' clubs and special agricultural associations and some butter and cheese factories ; while the aid given to dairy associations and the inspection of syndicates shows a large increase, which remark also applies to the amount granted for the improvement of municipal roads.

The decrease in the item for farmers' clubs is explained by the fact that the law passed during the session of 1898, completely separating the moneys appropriated for farmers' clubs from those intended for agricultural societies, has had its full effect. The results have been very satisfactory. The number of farmers' clubs has increased from 503 in 1897-98 to 516 in 1898-99, and, if the number of members of these clubs has slightly diminished, it is because under the old system certain clubs swelled the lists transmitted to the Department, with names which had no right to be there. The increase of 13 in the number of these clubs over last year shows that they have extended their field of action, while the falling off in the number of their members is compensated by the increase in the membership of the agricultural societies—an increase which foots up to over a thousand.

The reduction in the number of butter and cheese factories receiving Government grants is due to the fact that the Government has, as far as possible, adhered to the wise policy of not encouraging too large a number of these factories in the same municipality, save in altogether exceptional circumstances. It must not be forgotten, moreover, that the policy pursued in this respect for some years past has borne its fruits, by tending to the establishment, in nearly all the agricultural centres, of one or more butter and cheese factories, and that the Government is consequently called upon to contribute less from year to year to the erection of these factories.

The present Government has preferred, under the circumstances, to adopt, as its line of action, the work of looking more to the good quality of the products than to the too extended manufacture of inferior products, and therefore of spending more for the inspection of the butter and cheese factories in the province. The public accounts show an increase of \$1,000 in round figures for this service and the expenses of the current year for the same service are still larger than heretofore.

The decrease in the amount voted for agricultural schools is explained by the fact that the school at L'Assomption has received nothing or almost nothing and that the grant to another school was considerably reduced.

The sum of \$2,498.17, paid last year to the Ursulines of Roberval, was the balance due for the rebuilding of their establishment, which had been burnt down, and no longer represents an annual expense.

The decrease of \$8,000 in the grants to exhibitions in the province is attributable to the fact that the Government curtailed the amount awarded to private associations, in order to benefit, to a certain extent, the agricultural societies organized according to the general law on agriculture.

These explanations show that, while practising real economy, the Government, far from neglecting the interests of the agricultural class, has on the contrary, successfully employed to that end the resources which the Province had authorized it to utilize.

COLONIZATION.

Although there is some decrease in this service, as compared with the preceding year, we are in a position to show that the money employed has been productive of abundant results for colonization. It must not be forgotten that a careful distribution of the moneys voted is calculated to make up in a large measure for the smallness of the grants; the wise employment of the sums voted for colonization roads being of greater importance than the more or less large amount set apart for the purpose.

During the year 1898-99, we have opened and completed 35 miles of new roads, finished 120 miles of road commenced during the previous year, cut out as colonization roads 115 miles and repaired 258 miles of old roads, forming a total of 528 miles as the sum of the year's work.

This brief statement shows that colonization works, properly so-called, were not neglected.

It is chiefly in the repairing of roads that the moneys voted are more frequently exposed to the danger of diversion from their proper destination. With a strict watchfulness over their distribution and with the aid of the

members of this House who understand the narrowness of the limits financially to which our means of action are reduced, I am convinced that we can maintain this service in its normal state, while proportioning the appropriation for it to the resources of the Province.

PUBLIC INSTRUCTION.

The column of the expenditure under the head of Public Instruction does not indicate all the disbursements made during the year, as considerable sums devoted to educational purposes are entered under the head of miscellaneous expenses. These include the special grants made to certain educational institutions and a portion of the amount appropriated for night schools. This is why some of our adversaries,—whose good faith I do not desire to question by following their example towards myself, though I can justifiably blame them for pronouncing without sufficiently consulting the public accounts—unjustly accuse us of practising in this service an undue economy by depriving Public Instruction of its legitimate share of the expenditure.

If there be a question which should be dealt with accurately and impartially, it is certainly that which relates to the teaching of our youth. In its presence, all spirit of party should disappear and give place to a broader and more generous sentiment, tending to unite the efforts of all right-thinking minds, whatever may be their political sympathies, in order to promote this eminently national work.

This is what our accusers have not realized, as I will show by the following table which gives the details of the estimates of the ordinary expenditure for this service contrasted with the expenses incurred for it in 1898-99 :

	Voted.	Expended.
Superior Education.....	\$ 71,000 00	\$71,000 00
High Schools, Quebec and Montreal	2,470 00	2,470 00
Compensation to Catholic institutions.....	4,940 00	4,940 00
Public Schools	160,000 00	160,000 00
Schools in poor municipalities.....	13,000 00	13,000 00
Normal Schools.....	43,000 00	43,000 00

School Inspection.....	36,000 00	36,000 00
Superannuated Teachers.....	8,000 00	8,000 00
Teachers' Pension Fund.....	1,000 00	1,000 00
Schools for the Deaf and Dumb.....	12,000 00	12,000 00
“ “ “ at Mile End....	500 00	500 00
Council of Public Instruction.....	2,000 00	2,000 00
Publication of Journals of Public Instruction..	1,500 00	1,500 00
Scholastic Museum.....	600 00	600 00
Superintendent's Report.....	500 00	500 00
Branch of Laval University, Montreal.....	4,000 00	4,000 00
Revd. Mr. Quinlivan's High School, Montreal..	1,000 00	1,000 00
Arts and Manufactures.....	13,000 00	12,871 53

As shown by this table, we have expended the different sums placed at our disposal in the ordinary budget of Public Instruction, with the exception of a trifling balance of \$128.47 which has remained unexpended of the appropriation for Arts and Manufactures.

We have further laid out for the objects set forth in the Act 60 Vic., chap. 3, such as the advancement of elementary education, aid to poor schools &c., a sum of	\$ 34,275 99
And further again in grants to different educational insti- tutions	2,500 00
	\$ 36,775 99

Not only have the ordinary appropriations for elementary schools, for superior education and for literary, scientific and industrial institutions been fully employed, but we have added considerably thereto for the purposes just indicated. In addition, we have founded at Montreal a normal school, for female teachers, which is actually in full operation. We have also made provision for the free distribution of a geographical map of the province to all the public schools. This map is now ready and its distribution will shortly be effected.

We are moreover preparing to distribute a free series of elementary school text books to our primary schools..

Pedagogical lectures have been given by the school inspectors in their several districts, and a large number of teachers of both sexes have taken advantage of them to perfect themselves in the art of teaching. In order to encourage them in this study, we have annually distributed a considerable sum in premiums, which are awarded to those evincing the most application, aptitude and success. In this way, we reward the most deserving with an important compensation for the small remuneration which they receive for their services in some school municipalities, while at the same time obviating the deplorable conflicts that would have been provoked by the adoption of more rigorous measures.

All this progress achieved or in course of achievement shows that we are applying ourselves assiduously, within the measure of our financial means, to the advancement of elementary education and that our promises on this head are on the high road towards fulfilment. This task cannot be completed in a day. It is an affair of long range and calls for a heavy expenditure which cannot be fixed in precise fashion for each fiscal year, but which we meet as it is incurred and becomes payable.

The following statement indicates in full the expenses which the Government incurred last year for education and shows that, while allotting to the common schools, to superior education and to literary, scientific and industrial institutions the full amount assigned to them in the budget and while specially favoring night schools and poor municipalities, it has, at the same time, practised a useful economy under certain heads of expenditure, without impeding educational progress :

The Public Accounts for 1898-99 indicate as the general expenditure for Public Instruction, inclusive of the literary, scientific, etc., institutions above given in detail, only a sum of \$ 389,014 81 :

To this must be added the following sums enumerated
under the head of Miscellaneous Expenses :

Grant to Acton College.	500 00
“ Roxton Convent.....	600 00
“ Roberval College.....	400 00
“ Douglastown Model School.....	1,000 00
Night Schools.....	21,142 71
	\$ 412,657 52

In 1895-96, the general expenditure for Public Instruction,
etc., was, according to the Public Accounts..... \$ 382,759 76

To which must be added the following sums
specified under the head of Miscellaneous
Expenses :

Grant to Kildare Convent.....	\$ 200 00
Expenses for night schools.....	6,791 00
	6,991 00
	\$ 389,750 76

Deduct the savings effected in 1898-99 on the
expenses of 1895-96 :

School inspection.....	\$ 6,000 00
Prize books, (replaced by a grant to poor municipalities).....	6,000 00
Publication of the Journal of Public Instruc- tion.....	750 00
Inspectors' Congress.....	500 00
Copy of archives.....	1,499 76
	14,749 76

Leaving, with those savings deducted, a balance for 1895-
96 of..... \$ 875,001 00

and giving on identical bases an excess of expenditure
in 1899 over 1896 of \$ 37,656.52.

INSANE ASYLUMS.

Increase.....	\$	40,195 00
INCREASE :		
Beauport Asylum.....	\$	544 72
Longue Pointe Asylum.....		25,595 02
St. Ferdinand d'Halifax Asylum.....		1,038 93
Protestant Hospital for the Insane.....		10,794 74
Hospice de la Baie St. Paul.....		2,326 87
Grants to charitable institutions.....		195 00
	\$	40,495 28
DECREASE : General expenditure.....		300 28
Increase of 1899 over 1898.....	\$	40,195 00

MISCELLANEOUS EXPENSES.

Increase.....	\$	8,941 88
INCREASE :		
Miscellaneous generally.....	\$	3,852 14
Inspection of railways.....		127 35
Night schools.....		9,142 71
Factory Act.....		1,044 91
Registrars' salaries and contingencies....		2,951 91
Under the Arbitration Law, 54 Vict., ch. 4.		271 06
Magdalen Islands Land Tenure.....		94 51
Special pensions.....		1,350 00
Inspection of Mutual Benefit Associations		295 84
Payments by Revenue Officers out of Collections.....		9,515 70
	\$	28,646 13

DECREASE :

Municipalities' fund... ..	\$	72 00	
Outlay for vaccine		125 00	
<i>Official Gazette</i>		1,402 14	
Stamps, licenses, etc.....		1,202 75	
Superannuation pensions.....		127 09	
Revision of the Code of Pro- cedure.....		6,652 33	
Expenses of sequestration, Bay des Chaleurs Railway.....		7,282 38	
Q. M. O. & O. traffic expenses.		1,016 06	
Maritime Road, Gaspé.....		1,824 50	
			19,704 25
Increase of 1899 over 1898....	\$		8,941 88

SPECIAL WARRANTS.

The present Government has been reproached with having, on coming to power, issued special warrants contrary—it was alleged—to the spirit of our constitution. I thought that I had conclusively answered that charge in my budget speech for the year 1897-98, wherein the subject will be found specially dealt with on page 16. But since this unjust charge is being constantly raked up, I desire to thoroughly explain again the exceptional circumstances in which we were placed on taking office, in order to re-establish once for all the facts in all their exactness.

The Treasury Act is explicit on this head. In article 784 R. S. Q., it declares that “ if an occasion arises when any expenditure, not foreseen or provided for by the Legislature, is urgently and immediately required for the public good, upon the report of the Treasurer that there is no legislative provision and of the Minister having the charge of the particular service, that the necessity is urgent, the Lieutenant-Governor in Council may order a special warrant to be prepared for the issuing of the amount estimated to be required.”

Now, as shown by the official documents, on the 26th May, 1897, when we entered into office, the credit, voted for most of the departments, had long been exhausted and our predecessors, who to-day accuse us, had themselves issued during the course of the year special warrants to the amount of \$303,701.44 to meet the excess of their own expenditure over the appropriations sanctioned by the Legislature.

More than this, as I have shown at the beginning of this statement we were confronted not only with a budget exhausted by the previous Government, but with the necessity of settling urgent debts, imputable to the current year, to the amount of \$815,883.19. What was then left for us to do? Retard the payments and charge the next year's budget with them? Our adversaries, who are so scrupulous about respect for the constitutional rules since they have gone out of power, will not dare to pretend this. Moreover, the nature of the debts incurred and already enumerated admitted of no delay in the interest of the credit of the province. Therefore the urgency was absolute and to meet these heavy balances of our predecessors' accounts, there was no legislative provision. For the sake of the honor of the province, recourse had to be had to the only means which the constitution permitted us to employ—the special warrant.

Never was that recourse had more legitimately and it ill becomes our adversaries, in the face of the financial situation created by themselves, to proclaim, as they have done in public meetings, a pretended violation of the constitution and to affect to be scandalized at a legitimate act, accomplished for the public good, in order to wipe off an excess of expenditure accumulated by the fact of their own extravagances. Their criticism is all the more unfair that, in spite of their knowingly erroneous principles, they themselves, before their fall, issued special warrants as I have shewn to the enormous amount of \$303,000 in order to pay off debts incurred without legislative authority, which could have been avoided by a judicious economy. If we have had to complete the payment of these, by the only means which the law allowed us to employ, it does not become them to blame us for so doing.

THE CURRENT YEAR.

It will be seen from the statement of special warrants issued since the 1st of July last, and from the supplementary estimates submitted to the House for the current year that certain services will require some addition to the amount appropriated to them in the estimates of the current year, on account of urgent requirements that have arisen since last session.

But, on the other hand, this increased expenditure will, I feel confident, be fully compensated by the reduction of expenses and increase of revenue in other services. Thus it is more than probable that the expenditure in connection with the Public Debt will be about \$30,000 less than the amount voted, the difference being caused by the reduction in the number of bonds of the loan of 1880 to be redeemed half-yearly, owing to certain of them having been already redeemed in the conversion of the debt.

On the other hand, the receipts, according to all probabilities, will exceed the estimates by an important amount. The Lands, Forests and Fisheries, as also several other sources of revenue, give us the prospect of a considerable increase over their estimated receipts.

In any case, it is our firm intention to continue the practice of the strictest economy as far as consistent with the public interest and to use every diligence in the collection of the revenue. I see therefore no reason to expect that the result of the year's operations will vary much from what I anticipated when I prepared my estimates last year.

I now come to the accounts for 1900-1901, for which I have endeavored to prepare an estimate of receipts and expenditure as accurately as possible from the minute information I have obtained from the various departments.

STATEMENT E.

ESTIMATED RECEIPTS 1900-1901.

DOMINION OF CANADA :

Subsidy under B. N. A. Act.....	\$950,252 80	
Interest on Trust Funds.....	72,848 41	
Special Subsidy, 47 Vict., chap. 4.....	127,460 68	
Interest on Railway Subsidies under 47 Vict., chap. 8.....	119,700 00	
		1,279,261 89

INTEREST :

Interest on price of sale Q. M. O. & O. Railway.....	300,000 00	
Interest on Loans and Deposits.....	10,000 00	
		310,000 00

LANDS, FORESTS & FISHERIES..... 1,090,000 00

MINES..... 15,000 00

ADMINISTRATION OF JUSTICE :

Law Stamps.....	195,000 00	
Law Fees.....	15,000 00	
Building and Jury Fund. (Gross revenue).....	38,600 00	
Maintenance of Prisoners.....	10,000 00	
Gaol Guards, Montreal and Quebec.....	4,000 00	
Fines.....	200 00	
Montreal Gaol.....	1,500 00	
Other Gaols—Prisoners' earnings.....	200 00	
Montreal Court House.....	5,000 00	
High Constable's Fees, Quebec.....	500 00	
		270,000 00
Registration Stamps (including fees of Salaried Registrars).....	70,000 00	
Licenses. (Gross revenue).....	650,000 00	
Direct Taxes on Commercial Corporations.....	175,000 00	
Duties on Successions.....	265,000 00	
Percentage on Fees of Public Officers.....	6,000 00	
Percentage on renewals of Mortgages.....	200 00	
Maintenance of Insane.....	50,000 00	
Maintenance of Inmates of Industrial and Reformatory Schools.....	25,000 00	
Legislation.....	9,000 00	
Official Gazette.....	20,000 00	
Rents of Public Buildings, &c.....	1,000 00	
Casual Revenue.....	7,000 00	
Provincial Insurance Companies—Contributions.....	400 00	
Contributions to Pensions, Civil Service.....	5,000 00	
Premium, Discount and Exchange.....	1,500 00	
		4,249,361 89

Railway Subsidies Tax..... 30,000 00

\$ 4,279,361 89

STATEMENT F.

ESTIMATED EXPENDITURE, 1900-1 01.

	\$	cts.
Public Debt	1,549,493	94
Legislation	193,894	70
Civil Government	279,708	04
Administration of Justice, &c.....	522,200	00
Public Instruction, &c.....	437,060	00
Public Works and Buildings—Ordinary.....	135,905	71
Agriculture.....	189,150	00
Lands, Forests & Fisheries.....	139,000	00
Colonization & Mines, &c....	138,250	00
Lunatic Asylums, Reformatories, &c..	434,000	00
Charities.....	44,570	75
Miscellaneous Services.....	149,925	00
	4,213,158	14
Public Works and Buildings—Extraordinary.....	22,300	00
	4,235,458	14
Railway Subsidies.....	349,672	50
	<u>\$4,585,130</u>	<u>64</u>

According to the above tables, the probable receipts for the
year 1900-1901 will be \$4,279,361 89
On the other hand, the expenditure is estimated at..... 4,235,458 16
Being an excess of receipts over expenditure of..... \$43,903 75

CASH OPERATIONS 1898-99.

The following is a statement of the cash operations during the year 1898-99 :

Cash in Banks, 30th June 1898 on current account.....	\$ 22,243 22
do do balance of proceeds of loans...	468,420 37
	\$ 490,663 59

From which have been paid between 1st July,
1898, and 30th June, 1899 :

Outstanding Warrants at 30th June, 1898.....	\$ 191,639 36
Railway Subsidies.....	100,079 17
Railway Guarantee Deposits.....	99,630 37
	391,348 90
	\$ 99,314 69

The payments (exclusive of Rail-
way Subsidies and repay-
ment of Railway Guarantee
Deposits) from 1st July, 1898,
to 30th June, 1899, were :

Ordinary expenditure.....	\$4,189,964 10
Extraordinary expenditure.....	11,059 11
Trust deposits.....	33,387 60
	\$4,234,410 81

The receipts from 1st July, 1898,
to 30th June, 1899, were :

Ordinary revenue.....	4,223,579 43
Trust deposits.....	26,010 56
	4,249,589 99

Excess of receipts.....	15,179 18
-------------------------	-----------

Balance of cash on 30th June, 1899.....	\$114,498 87
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Viz :

Cash in banks.....	\$ 201,970,05
Less outstanding warrants included in the above payments.....	87,476 18
	<u>\$114,493 87</u>

APPROXIMATE STATEMENT OF LIABILITIES AND ASSETS

OF THE PROVINCE OF QUEBEC, ON 30TH JUNE, 1899.

LIABILITIES.

Funded Debt, outstanding, exclusive of in- crease by conversion.....	\$33,418,420 00
Increase of capital by conversion....	1,715,427 72
	<u>\$35,128,847 72</u>
Temporary Loans.....	700,000 00
Trust Deposits.....	329,946 03
Railway Company Deposits to meet guaranteed interest on bonds.....	33,072 12
Outstanding Warrants.....	87,476 18
Railway money subsidies authorized but not yet earned	\$ 333,695 50
Railway land subsidies converted into money subsidies at 52½ cents per acre, authorized but not yet earned.....	482,248 17
	<u>815,943 67</u>
Loss on Exchange Bank deposit.....	25,218 75
Quebec Court House bonds.....	200,000 00
	<u>\$37,320,504 47</u>

ASSETS.

Part of price of Q. M. O. & O. Ry., deposited in Banks. \$	353,390 00	
Part of price, of Q. M. O. & O. Ry., invested in \$29,000 Province of Quebec bonds, loan of 1878 bought at 100/100.....	31,610 00	
Part of price, of Q. M. O. & O. Ry., invested in Quebec Court House bonds.....	200,000 00	
Part of price, of Q. M. O. & O. Ry., invested in City of Quebec bonds.....	15,000 00	
Balance of price Q. M. O. & O. Ry., unpaid.....	7,000,000 00	
		7,600,000 00
Province of Quebec 30/10 Inscribed Stock	31,747 95	
Railway grant under Dominion Act 47 Vic., Cap. 8.....	2,394,000 00	
Cash in Banks.....	201,970 05	
Cost of Jacques Cartier Normal School, Mont- real, to be repaid from sale of property..	5,391 11	
Claim in re late Hon. Thomas McGreevy.....	100,000 00	
Advances to various parties.....	161,832 89	
Quebec Court House tax, under 45 Vict., Cap. 26 and 48 Vict., Cap. 16.....	200,000 00	
		\$10,694,942 00
Excess of Liabilities over assets at 30 June, 1899.....	\$26,625,562 47	
A comparison of the foregoing statement with the statement of liabilities and assets at 30th June 1898 will show that the following changes have been made by the payments and receipts during the year :		
Excess of liabilities over assets, 30th June, 1898.....	\$ 25,830,523 57	

INCREASE OF LIABILITIES :

Funded debt by conversion..... \$ 915,280 86

DECREASE OF LIABILITIES :

Trust Funds.....	\$ 4,057 94	
Funded debt by redemption...	70,274 67	
Railway guarantee deposits...	99,630 37	
Railway subsidies.....	109,739 17	
Outstanding Warrants.....	104,163 18	
	387,865 33	
		527,415 53
		\$ 26,357,939 10

INCREASE OF ASSETS :

3 per cent inscribed stock sinking fund..... \$ 21,070 17

DECREASE OF ASSETS :

Cash on hand.....	\$ 288,693 54	
		\$ 287,623 37
Excess of liabilities over assets, 30th June, 1899.....	\$26,625,562 47	
Excess of liabilities, June 30th, 1898.....	\$25,830,523 57	
do do do do 1899.....	26,625,562 47	
Increase of excess of liabilities.....	\$ 795,038 90	
Increase of capital of funded debt by conversion.....	915,280 86	
Decrease of excess of liabilities apart from capital of debt...	\$ 120,241 96	

Accounted for as follows :

Surplus between ordinary revenue and ordinary expenditure including re-

demption of bonds of 1880 and purchase of in- scribed stock for sinking fund	\$ 33,615 33
Amount by which the liability for funded debt has been diminished...	\$ 70,274 67
Amount by which the asset for sinking fund has been in- creased.....	21,070 17
provided from ordinary revenue.....	\$ 91,344 84
Railway subsidies lapsed by short mileage.....	9,660 00
Ottawa District Court House Fund, cash receipt.....	263 83
	<u>\$ 134,884 00</u>
Less Public Works & Build- ings, extraordinary pay- ments.....	\$ 11,059 11
Ottawa District Court House Fund, payment to City of Hull under 80 Vic., Cap. 7.	3,582 93
	<u>\$ 14,642 04</u>
	<u>\$ 120,241 96</u>

FUNDED DEBT.

At the 30th June, 1898, the funded debt outstanding was...	\$34,283,841 53
At the 30th June, 1899, it amounted to	35,128,847 72
Increase of funded debt during 1898-99.....	\$ 845,006 19

Accounted for as follows :

3 per cent inscribed stock issued for conver-

sion of \$2,961,743 97..... \$4,877,024 83

LESS :

Bonds of the loan of 1880

redeemed..... \$ 70,274 67

Bonds of various loans

redeemed in conver-

sion of debt..... 3,961,743 97

4,032,018 64

\$ 845,006 19

There has been invested during the year for the sinking fund the sum of \$21,070 17 bringing the sinking fund invested up to the amount of \$10,025,747.95 ; leaving the net amount of the funded debt \$25,103,099.77

FLOATING DEBT.

At the 30th June, 1899, the floating debt consisted of :

Temporary loans..... \$ 700,000 00

Trust deposits..... 329,946 08

Railway Companies Guarantee Deposits..... 33,072 12

Outstanding warrants..... 87,476 18

Railway subsidies granted but not earned..... 815,943 67

Loss on Exchange Bank deposit..... 25,218 75

Making a total of..... \$1,991,656 76

Against which we have :

Cash in banks..... \$201,970 05

Claims for loans and advances against indivi-

duals and corporations amounting to..... 267,224 00

469,194 05

Leaving the balance of floating debt..... \$1,522,462 70

Constituting a decrease of \$18,897.12 effected during the year.

CONVERSION OF DEBT, UNDER 60 VICTORIA, CHAPTER 2.

During the currency of the fiscal year 1898-99, the Bank of Montreal, in the terms of the contract approved by Order in Council of the 17th April, 1897, converted the following bonds of the Province :

Loan of 1874	\$ 847,773 33
do 1876	889,626 66
do 1878	158,000 00
do 1880	835,217 33
do 1882, Quebec	13,000 00
do 1882, London	644,346 66
do 1888	289,080 00
do 1894, London.....	284,699 99
	\$ 3,961,748 97

The premium paid on these bonds	
amounted to.....	427,578 33
	\$4,389,322 30

The discount on Inscribed Stock issued amounted	
to.....	487,702 53

Amount of 3 per cent Inscribed Stock issued	\$ 4,877,024 83
---	-----------------

The principal of the debt was therefore increased by conversion during the year by the sum of \$915,280.86.

The total amount converted to 30th June, 1899, is	\$7,333,297 31
For which has been issued 3 per cent Inscribed	
Stock for.....	9,048,725 03

Increase of principal of Debt by Conversion	\$1,715,427 72

The annual interest on the \$7,333,297.31 of converted bonds was \$ 328,414 74

The annual interest on \$9,048,725 03 of Inscribed Stock is \$271,461 75

The annual Sinking Fund required to redeem \$1,715,427.72 increase of principal of debt in 40 years is 22,750 65

\$ 294,212 40

Annual saving by Conversion until the date when the original bonds commence to mature..... \$ 34,202 34

Against the annual savings is to be put the commutation of stamp duties on the \$9,048,725.03 amounting to \$56,653.47.

The contract executed between my predecessor and the Bank of Montreal for the conversion of the debt which was entered into in April 1897 expired on the 1st May 1899. Prior to its expiration the bank offered to continue the conversion on the same terms, but the Government did not find these terms satisfactory in present circumstances, and the contract terminated. An arrangement was concluded under authority of an Order in Council of the 30th June, 1899 with the bank to take charge of the conversion for the Province at a commission of one-half of one per cent. on the nominal value of bonds converted; the Province to pay all expenses and brokerages which would probably be about three-eighths of one per cent.

The price for our three per cent. Inscribed Stock was advanced from 90 to 95 per cent. ; but, owing to the depression that has taken place in the money market, there have been no transactions so far, and the Government will await more favourable opportunities to authorize any further conversion.

The Government are still of the opinion that in view of the proximate maturity of the loans of 1874, 1876 and 1878, and of the fact that the sinking funds for their redemption will become payable to this Government at the same time, it is not in the interest of the Province to convert them

into securities maturing in 38 years, thus necessitating the reinvestment of the sinking funds which probably could not be safely done so as to yield a rate of interest as high as we would be paying for our Inscribed Stock.

The correspondence on the subject will be submitted to the House.

ARBITRATION.

INCREASED ANNUITIES TO INDIANS OF LAKES SUPERIOR AND HURON.

In my Budget Speech last year I gave a full history of this claim of the Dominion Government on the part of the Indians against the Provinces of Ontario and Quebec jointly and stated that, at that time, it only remained to determine the amount of the joint liability of the two Provinces under the judgment of the Supreme Court and the awards of the arbitrators.

This has now been done and the total amount of these annuities to which the Indians are entitled for different years since the date of the Robinson treaties in 1850, up to the 31st December 1892, has been fixed at \$113,000, the last date being the date to which the accounts have been made up for submission to the arbitrators.

There remained, however, the liability of the Provinces for the increased annuities since the 31st December, 1892, and for all future time so long as the tribes exist, with the probability of their numbers increasing instead of diminishing. Under these circumstances it was proposed by the Dominion that a probable annual amount to which the Indians would be entitled should be fixed on, and that sum capitalized and charged to the joint account of the Provinces as at the 31st December, 1892; the Provinces to be thereby relieved from any liability in respect of these annuities from and after that date. After some negotiation it was decided to fix the annual sum at \$8,200 and to capitalize it at four per cent. The amount therefore, to be charged against the joint account of the two Provinces at the 31st December 1892, for such capitalization, is \$205,000 which, added to the \$113,000 of arrears, makes a total of \$318,000. But, as the award decides that the annuities which were paid by the Dominion to the In-

dians annually after 1873 are to be carried into the account at the dates when paid and as the account bears interest at five per cent. the total amount of the joint liability, including interest up to 31st December, 1892, would be \$347,800, or with interest to 31st December 1899, \$459,100. As Quebec's proportion of any joint liability of the two Provinces is approximately four-ninths, it follows that, instead of our liability being about \$5,000, which it would have been under the first equitable award of the arbitrators, we are burdened, under the judgments of the Supreme Court and the Privy Council, on technical points of law, with an amount equal at the present time to over \$200,000.

COMMON SCHOOL FUND.

In this matter the majority of the Board of Arbitrators, by their award of the 22nd March, 1899, ordered that the income of the Common School Fund be divided between the Provinces of Ontario and Quebec, in the manner and proportions determined and provided for in the award of the 3rd September, 1870. This means that the interest on the principal of this fund, in the hands of the Dominion or elsewhere, is to be divided between Ontario and Quebec, in proportion to their respective populations at each last decennial census.

In my last Budget Speech I explained the nature of the claim of Quebec against Ontario for certain remissions made by the Government of the latter Province to the purchasers of Common School lands, respecting which the award of the 6th March, 1896, ordered that all such remissions should be treated as monies received by Ontario on account of the Common School Fund, unless it were shown by that Province that the remissions were made in a fair and prudent administration of the lands and fund.

The board met, on the 21st March, to hear from Ontario any evidence they could adduce to show that these remissions, or any of them, were made in a fair and prudent administration of the lands and fund.

Ontario did not attempt to produce evidence on the individual merits of each case of remission, but endeavored to shew that the policy which was adopted by the Government of Ontario in 1872 of a general reduction in price and interest to the settlers or owners of these school lands, the

greater part of which had been sold some twenty years before, but on which there remained balances of principal and interest unpaid, was justified by the condition of the country and of the settlers and by the value of the lands as estimated by certain inspectors, residents of the counties in which the lands were situated at the time when the inspection was made, and also by the values of the same lands at the time when the original sales were made, according to the opinion of these same inspectors.

It would take altogether too much time to go at length into the nature of the evidence produced. Suffice it to say that over forty witnesses were examined and cross-examined, whose evidence took up the five days of the sitting in March and the two days sitting in April, and made over 600 pages of the reports of proceedings.

Although the counsel for Quebec were of opinion that no justification for the remissions had been made by Ontario, in the terms of the award, it was deemed prudent to obtain and produce evidence both documentary and oral to establish that neither the condition of the settlers nor the value of the sold lands at the time when the policy was adopted in 1872, or at any subsequent time, justified these remissions, which were practically a gift by the Government of the day to the settlers, as is evidenced by the act of the Ontario Legislature of 1872, which directed that these remissions should be paid from the Consolidated Fund of Ontario and should not affect Quebec's interest in the fund.

We, therefore, at a very considerable expense sent and procured copies of the municipal rolls of the townships in which the lands were situated for the years in which the reduction had been made. These were produced at the meeting of the board in June as well as copies of sales of some of the very properties on which reductions had been made, and shewed conclusively that the value of the properties was largely in excess of the debts due on them. We also produced a number of witnesses who had been residents of the townships in which the lands are situated at the time of the reductions, and who are still residents there, whose evidence proved that the lands in question were the most valuable farming lands in the Province, and that the settlers, except in very exceptional instances, were able to pay the original purchase price and interests in full without hardship.

The arguments of counsel in the case occupied four days of a meeting in July, and on the 21st October, 1899, the Board of Arbitrators (Sir John Boyd dissenting) awarded and adjudged that, subject to correction by accountants of any clerical errors, Ontario should be debited with various sums amounting altogether to \$286,031.43 and credited with the sum of \$8,807.24, part of a claim made for refunds subject to the same correction.

This award was made under the authority of the statutes of the Dominion, Ontario and Quebec, which established this arbitration, not according to strict rules of law, but upon equitable principles, and Quebec considered that all that remained to do was to have the items verified by accountants and the amounts carried into the account.

On the 8th November, however, our counsel received notice that Ontario would make application to the arbitrators that they set forth their view or views of the disputed questions of law arising on the matters in respect of which their award of the 21st October had been made.

This application, which was amended to include the award of the 6th March 1896, if granted, would give Ontario the right to appeal from the awards to the Supreme Court.

The application was heard at a sitting of the board held for that purpose at Montreal on the 11th November, and the majority of the board reported that in respect of the awards of 6th March 1896, and 21st October 1899, they did not proceed on their views of a disputed question of law.

This was virtually a refusal of Ontario's application for the right to appeal, and we again thought that we could proceed to a statement of the accounts, but, on the 9th December, at Toronto, Sir John Boyd, one of the arbitrators, professing to act under section 44 of the Supreme and Exchequer Courts Act, on the application of Ontario, certified that a certain printed document, prepared by Ontario, was the case settled by him in an appeal to the Supreme Court in the case of Quebec's claim against Ontario for remissions, etc., on which the arbitrators' awards had been made.

Our counsel declined to appear before Sir John Boyd, being of opinion that section 44 of the Supreme and Exchequer Courts Act had no authority

in this arbitration, which is governed by special statutes of the Dominion, Ontario and Quebec, but served the following notice on each of the Arbitrators on the 7th December.

" To the Honorable the Arbitrators in this matter and each of them.

" Quebec hereby declares that it respectfully objects to any appeal being allowed at the instance of Ontario against the awards in this matter of the 6th March, 1896, and 21st October, 1899, or either of them, and to any special case being settled by the honorable arbitrators or any of them, inasmuch as Quebec alleges *inter alia*, that no right of appeal and no right to have such special case settled exists as regards said awards or either of them, under the terms of the said award and the law and statutes governing the same, and that the said honorable arbitrators, or any of them, have no power or jurisdiction to grant said appeal or settle said case."

N. W. TRENHOLME,
Of Counsel for Quebec.

Should the Supreme Court allow Ontario to be heard in appeal, which our counsel think is not likely, we shall be put to the expense of defending the awards, and the settlement of the accounts will again be delayed.

I regret to say that the expenses entailed on us during the past year have been very heavy in order to defend the Province from what I must consider an attempt to deprive Quebec of her just share in this fund, in view of the evidence produced and in view of what was the original intention of Ontario in regard to these remissions as evidenced by the Act of its Legislature.

CONCLUSION.

Now, Mr. Speaker, it only remains for me to thank the House for the kind attention with which it has listened to the rather detailed statement I have deemed it my duty to give of our financial operations during the twelve months ending on the 30th June last. I have entered into all these details in order to thoroughly explain our political situation to the members by showing them the work we have accomplished, the obstacles

in the way of its performance and the result we have achieved. This result has not been obtained without difficulties, because the financial situation of this province was compromised to such an extent at the outset of our administration, that a radical change had to be effected in the method hitherto followed in the administration of our public affairs.

Before going out of power, our predecessors while doing away with sources of revenue to the amount of \$300,000.00 had increased the public expenditure for the future by nearly \$200,000.00 ; had left a yearly deficit to be provided for of nearly a million and liabilities that had been increased by \$2,709,660.00 during the last twelve months of their administration. Still, we had undertaken to do away with the deficit by having recourse solely to the existing sources of revenue and without imposing fresh taxes on the people. I have just shown the House that, after two years' efforts we have been able to attain that result. To do so we had to arrange not only that the ordinary expenditure should not exceed the yearly receipts, but we had also to reduce the total expenditure, both ordinary and extraordinary, to the level of such receipts. This we have done as the Public Accounts prove.

The former deficits are this year replaced, as I have just shown, by an excess of \$33,615 00 in receipts over ordinary expenditure, of \$22,556.00 over both ordinary and extraordinary expenditure. The public debt has moreover been reduced out of the revenues of the year by \$120,240.00 and all this without imposing fresh taxes.

The task to which my colleagues and myself had pledged ourselves during the last electoral campaign, is therefore accomplished.

But it is not sufficient that this so greatly desired equilibrium be restored ; it must be maintained and, to that end, we must unavoidably continue to administer public affairs with economy by carefully watching the collection of revenue and by limiting the expenditure to what is strictly necessary without, however, injuriously affecting works of great utility to the progress of the Province.

The task is an arduous and an unpleasant one. It is not of a nature to satisfy those who care but little for our national future and whose thoughts

do not extend beyond their personal interest. There are even some men in perfectly good faith and animated by the purest disinterestedness with reference to what concerns them individually, who, accustomed to the prodigality of the past, are not alive to the danger that would threaten our future were we to once more enter upon the path of extravagance. The credit of our Province and the safety of our autonomy are at stake.

Fresh grants exceeding the amount of our yearly surplus would necessitate fresh loans, the interest and charges on which could be met only by means of a special tax. We cannot adopt such a policy until public opinion, which has so strongly pronounced itself in favor of a contrary policy, formally commands us to do so. But this does not mean that the progress of our province will be checked. It is advancing day by day in a very manifest manner through the development of our natural resources, and I am firmly convinced that the rapid and considerable increase in the annual revenues which the public treasury will soon derive from them, will place the Government in a position to materially aid all useful undertakings by means of yearly grants taken, under normal conditions, from the surplus of each year.

Such is the great and patriotic work we wish to perform, and we rely upon the intelligence and devotedness of the members to second our efforts.

STATEMENT A.

Year.	Payments.	Receipts.	Deficit.	Surplus.
1896-97...	\$4,907,281.71	\$3,923,238.70	\$984,043.01	
1897-98...	4,449,045.48	4,236,015.14	213,030.34	
1898-99...	4,234,410.81	4,249,589.99		\$15,179.18

STATEMENT B.

1896-97.

PAYMENTS :

Ordinary Expenditure (including \$84,680 for Bonds of Loan 1880, redeemed).....	\$4,677,095 20
Extraordinary Expenditure (Public Buildings)	176,832 28
Purchase of Property	30,000 00
Payments on Trust Funds.....	14,999 01
Tax on Railway Subsidies :	
Costs of Collection.....	\$ 413 17
Refunds of Taxes Collected.....	7,942 05
	8,355 220

RECEIPTS :

Ordinary Revenue.....	3,874,803 18,	\$4,907,281 71
Sale of property.....	2,500 00	
Trust Fund Deposits.....	45,772 48	
Tax on Railway Subsidies.	163 04	
	48,435 52	
		3,923,238 70
Deficit.....		\$984,043 01

1897-98.

PAYMENTS :

Ordinary expenditure (including \$87,307 99 for Bonds of Loan of 1880 redeemed).....	\$4,364,686 68
Extraordinary expenditure (Public Buildings).....	50,683 70
Payments on Trust Funds.....	33,675 10
	\$4,449,045 48

RECEIPTS :

Ordinary Revenue.....	4,176,139 63	
Trust Fund Deposits.....	58,358 79	
Tax on Railway Subsidies.	1,516 72	
	59,875 51	
		4,236,015 14
Deficit.....		\$ 213,030 34

1898-99.

PAYMENTS :

Ordinary Expenditure (including \$70,274.67 for Bonds of 1880, redeemed).....	\$4,188,641 10
Extraordinary Expenditure (Public Buildings).....	11,059 11
Payments on Trust Funds.....	33,387 60
Tax on Railway Subsidies—Refund.....	1,323 00

RECEIPTS :

Ordinary Revenue.....	4,220,844 73	
Trust Fund Deposits,.....	26,010 56	
Tax on Railway Subsidies,	2,734 70	
		28,745 26
		4,249,589 99
Surplus.....		\$ 15,179 18

STATEMENT C.

RECEIPTS.

	1894-95	1895-96	1896-97	1897-98	1898-99
	\$ c.	\$ c.	\$ c.	\$ c.	\$ c.
Dominion of Canada.....	1,277,799 42	1,291,798 59	1,257,183 70	1,206,413 48	1,320,137 28
Crown Lands.....	806,032 10	1,045,310 19	879,893 26		
Lands, Forests and Fisheries.....				1,087,042 52	1,043,245 67
Mines.....				7,872 07	4,125 93
Law Stamps.....	187,314 60	186,278 50	177,426 80	182,490 40	195,570 50
Registration Stamps.....	64,054 02	61,338 51	63,875 90	66,423 95	68,850 95
Building and Jury Fund.....	41,579 26	23,828 40	27,565 83	23,433 81	30,612 13
Law Fees.....	12,166 84	14,320 34	9,654 38	16,642 96	14,980 70
Municipalities for maintenance of prisoners.....	9,322 05	11,322 06	12,751 96	8,121 18	9,166 43
Montreal Court House.....	3,353 28	4,381 94	2,123 88	5,155 79	5,938 96
Montreal Gaol.....	4,550 47	2,374 59	2,946 94	1,578 02	1,298 85
Gaol Guards, Montreal and Quebec.....	2,400 00	13,600 00	2,800 00	4,000 00	4,000 00
Prisoners' earnings, Quebec Gaol.....	192 15	42 01	140 75	192 66	109 01
do do Terrebonne do.....	20 00				
do do Ste. Scholastique do.....				13 60	
Gaol Farm, Quebec.....		10 00			
Fines, Justice.....	130 40	147 50	246 60	136 50	209 50
High Constable's fees, Quebec.....	541 22	413 41	540 29	683 10	530 98
Licenses.....	605,918 78	603,087 46	586,176 42	615,943 83	613,747 66
Direct Taxes on Commercial Corporations.....	160,756 16	148,643 86	134,404 03	194,312 36	172,626 04
Tax on transfers of property.....	185,870 70	184,254 50	74,856 99	2,055 81	277 10
Direct Taxes on certain persons.....	17,059 29	17,507 67	3,507 74	1,380 18	686 43
Manufacturing and Trading Licenses.....	121,932 96	79,728 52	10,393 77	29,846 74	7,347 64
Duties on Successions.....	102,535 50	163,365 33	229,441 72	163,455 26	287,995 63
Percentage on fees of Public Officers.....	7,347 79	8,125 67	6,671 83	8,550 07	5,847 69
Percentage on renewals of Mortgages.....	307 79	165 44	163 04	128 10	106 76
Legislation.....	6,068 59	11,491 51	8,391 39	8,780 12	9,349 13
Lunatic Asylums, Municipal Contributions.....	21,697 13	35,005 69	7,703 50	63,544 63	44,722 66
do do Paying Patients.....	151 15	78 00	1,638 38	2,127 85	2,149 61
Reformatory and Industrial Schools.....	5,688 51	12,866 76	923 72	36,386 84	19,677 44
Quebec Official Gazette.....	21,835 47	23,182 60	21,637 58	20,958 55	18,544 56
Casual Revenue.....	6 114 02	4,880 85	7,570 62	8,121 49	8 367 44
Civil Service Contributions for Pensions.....	6,677 95	6,028 77	5 712 61	5,514 35	5,322 72
Provincial Insurance Companies, towards expenses of inspection.....	429 16	400 00	376 33	397 86	420 35
Public Works and Buildings, Rents.....	1,062 60	1,063 60	785 60	1,060 60	1,062 60
Railway Inspection Fees.....	516 00	492 00	204 00	72 00	108 00
Interest on Loans and Deposits.....	23,095 38	17,437 79	35,556 71	40,452 29	18,847 58
Premium, Discount and Exchange.....	3,949 36	29 00	2,141 15	2,916 72	4,023 86
Interest on price of sale, Q. M. O. & O. Ry.....	368,327 96	333,057 98	299,395 07	300,833 34	300,827 85
Refunds.....	24,180 38	21,897 81			
Quebec Fire Loan.....	220 00	200 00			
Dominion of Canada, General Account.....	489 40	244 70			
Sales of properties in Montreal and Quebec.....	4,221,087 84	4,327,910 55	3,874,803 18	4,176,139 63	4,220,844 73
	100,340 28		2,500 00		
TRUST FUNDS, REPAYMENTS, &c.:-					
Repayment of Advances.....	5,550 00				
Teachers Pension Fund.....	202 22	7,789 57	3,951 21	1,022 70	949 40
City of Hull Sinking Fund.....	158 63	163 40	167 63	173 84	179 64
Pointe à Gatineau Sinking Fund.....	100 00	100 00	100 00	100 00	140 00
Council of Agriculture.....	286 00				
Heirs and Estate F. E. Roy.....	1,584 00	880 50	884 50	886 10	866 50
Marriage License Fund.....	7,218 00	7,221 00	6,693 00	6,864 00	6,714 00
Security Deposits Public Officers.....	500 00	1,508 17	1,000 00	563 00	900 00
Deposit, St. Lawrence Fire Ins. Co.....		19,000 00	15,000 00		
Aylmer Court House Fund.....			17,976 14		
Reimbursement Railway Subsidies Fund.....	6,344 68	3,285 62	163 94	1,516 72	2,734 70
Deposits under 59 Vict., cap. 34.....				5,000 00	5,000 00
do do 61 Vict., cap. 39.....				25,000 00	10,000 00
Hull Court House Debentures Sinking Fund.....				968 15	997 19
Building and Jury Fund District of Rimouski; Insurance on Court House and Gaol.....				17,781 00	
Ottawa District Court House Sinking Fund.....					263 83
Temporary Loans.....	4,343,971 65	4,358,858 81	3,923,238 70	4,236,015 14	4,249,589 99
Proceeds Loan of 1894, (London).....	2,460,000 00	300,000 00	700,000 00		
do do (Paris).....	2,723 27				
Redemption Loan 1896, (Refund).....	4,106,391 52				
Proceeds Loan 1896.....		736 10			
do do 1897.....		2,044,000 00	1,124,200 00		
Proceeds of Inscribed Stock issued in conversion of Debt.....			1,224,000 00		
Cash on hand at 1st July of each year.....	546,732 00	543,033 37	3,015,853 86	738,676 28	4,380,322 30
			784,799 49	1,391,428 65	490,663 59
	11,459,818 44	7,246,628 28	10,772,092 05	6,366,120 07	9,129,575 88

STATEMENT D.
EXPENDITURE.

	1894-95	1895-96	1896-97	1897-98	1898-99
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Public Debt	1,486,669 62	1,497,429 99	1,550,874 16	1,591,177 03	1,558,323 03
Legislation	198,543 50	195,549 27	288,623 41	210,910 19	190,027 22
Civil Government	251,256 54	253,401 69	277,247 91	282,585 08	269,650 70
Administration of Justice	608,327 29	568,514 28	662,665 77	618,379 65	609,131 09
Public Instruction	383,726 45	382,759 76	410,060 00	434,260 00	389,014 81
Agriculture					175,418 26
Colonization	290,636 62	286,814 09	404,695 75	397,476 97	79,000 00
Immigration					4,250 00
Public Works and Buildings :					
Ordinary	110,257 52	97,544 64	165,783 76	127,483 73	83,968 98
Extraordinary	152,499 01	58,485 34	176,832 28	50,683 70	11,059 11
Asylums and Charities	323,047 25	326,078 25	358,616 77	339,375 75	379,570 75
Lands, Forests & Fisheries					121,568 41
Surveys and Mines					57,243 00
Miscellaneous (including payments by Revenue officers out of collections)	390,772 84	433,699 69	558,527 67	453,038 28	271,474 85
	4,195,727 14	4,099,797 00	4,853,927 48	4,415,370 38	4,199,700 21
Purchase of property		30,000 00	30,000 00		
Repayment Railway Guarantee Deposits	260,223 01	268,241 39	381,187 62	237,471 86	99,630 37
Advances	39,550 00				
Trust Funds	17,390 26	17,159 02	14,999 01	33,675 16	33,387 60
Reimbursement Railway Subsidies Fund. Costs of Collection and Refunds	2,742 60	29,861 11	8,355 22		1,323 00
	1,596,633 31	1,445,268 52	5,288,469 33	4,686,517 34	4,334,041 18
Railway Subsidies and Q. M. O. & O. Railway	854,519 92	259,186 59	1,346,475 01	198,645 14	100,679 17
	5,361,153 23	4,665,455 11	6,634,944 34	4,885,162 48	4,434,120 35
Temporary Loans repaid. Redemption of debt :	1,500,000 00	1,760,000 00			
Loan of 1893	4,106,461 00				
Part of do 1874 & prem.				56,048 90	915,420 48
do do 1876 do				64,794 80	981,409 77
do do 1878 do				163,584 00	178,491 23
do do 1880 do				24,079 04	913,373 98
do do 1882 do				322,849 80	771,470 89
do do 1888 do					315,494 00
do do 1894 do				107,319 74	313,661 95
do do 1896 do			3,015,853 86		
	10,967,614 23	6,425,455 11	9,650,798 20	5,623,838 76	8,823,442 65
Add : Payment of Warrants outstanding at 30th June, 1894, 1895, 1896, 1897, 1898	158,666 80	209,495 96	173,122 28	443,257 08	19,639 36
	11,126,281 03	6,634,951 07	9,823,920 48	6,067,095 84	9,015,382 01
Deduct : Unpaid Warrants outstanding at 30th June, 1895, 1896, 1897, 1898, 1899	209,495 96	173,122 28	443,257 08	191,639 36	87,476 18
	10,916,785 07	6,461,828 79	9,380,663 40	5,875,456 48	8,927,605 83

STATEMENT E.

ESTIMATED RECEIPTS 1900-1901.

DOMINION OF CANADA :

Subsidy under B. N. A. Act.....	\$859,252 80	
Interest on Trust Funds.....	72,848 41	
Special Subsidy, 47 Vict., chap. 4.....	127,460 68	
Interest on Railway Subsidies under 47 Vict., chap. 8.....	119,700 00	
		<u>1,279,261 89</u>

INTEREST :

Interest on price of sale Q. M. O. & O. Railway.....	300,000 00	
Interest on Loans and Deposits	10,000 00	
		<u>310,000 00</u>

LANDS, FORESTS & FISHERIES 1,090,600 00

MINES 15,000 00

ADMINISTRATION OF JUSTICE :

Law Stamps.....	195,000 00	
Law Fees.....	15,000 00	
Building and Jury Fund, (Gross revenue).....	38,600 00	
Maintenance of Prisoners.....	10,000 00	
Gaol Guards, Montreal and Quebec.....	4,000 00	
Fines.....	200 00	
Montreal Gaol	1,500 00	
Other Gaols—Prisoners' earnings.....	200 00	
Montreal Court House	5,000 00	
High Constable's Fees, Quebec	500 00	
		<u>270,000 00</u>

Registration Stamps (including fees of Salaried Registrars) 70,000 00

Licenses, (Gross revenue) 650,000 00

Direct Taxes on Commercial Corporations..... 175,000 00

Duties on Successions..... 265,000 00

Percentage on Fees of Public Officers..... 6,000 00

Percentage on renewals of Mortgages 200 00

Maintenance of Income..... 50,000 00

Maintenance of Inmates of Industrial and Reformatory Schools..... 25,000 00

Legislation 9,500 00

Official Gazette 20,000 00

Rents of Public Buildings, &c..... 1,000 00

Casual Revenue..... 7,000 00

Provincial Insurance Companies—Contributions 400 00

Contributions to Pensions, Civil Service..... 5,000 00

Premium, Discount and Exchange..... 1,500 00

1,249,361 89

Railway Subsidies Tax..... 50,000 00

\$ 4,279,361 89

STATEMENT F.

ESTIMATED EXPENDITURE, 1900-1901.

	\$	cts.
Public Debt	1,549,493	94
Legislation.....	193,894	70
Civil Government.....	279,708	04
Administration of Justice, &c.....	522,200	00
Public Instruction, &c.....	437,060	00
Public Works and Buildings—Ordinary.....	135,905	71
Agriculture.....	189,150	00
Lands, Forests & Fisheries.....	139,000	00
Colonization & Mines, &c.....	138,250	00
Lunatic Asylums, Reformatories, &c.....	434,000	00
Charities.....	44,570	75
Miscellaneous Services.....	149,925	00
	4,213,158	14
Public Works and Buildings—Extraordinary.....	22,300	00
	4,235,458	14
Railway Subsidies.....	349,672	50
	<u>\$4,585,130</u>	<u>64</u>

According to the above tables, the probable receipts for the year 1900-1901 will be	\$4,279,36	89
On the other hand, the expenditure is estimated at.....	4,235,458	16
Being an excess of receipts over expenditure of.....	<u>\$43,903</u>	<u>75</u>

STATEMENT G.

Approximate statement of Liabilities and Assets of the Province of Quebec
at 30th June, 1899.

LIABILITIES.

Funded Debt outstanding as existing before conversion.....	\$33,413,420 00	
Increase of capital by conversion.....	1,715,427 72	
		35,128,847 72
Temporary Loans.....		700,000 00
Trusts Deposits.....		329,946 03
Railway Company Deposits to meet guaranteed interest on bonds.....		33,072 12
Outstanding Warrants.....		87,476 18
Railway money subsidies authorized but not yet earned.....	\$333,695 50	
Railway land subsidies converted into money subsidies at 52½ cents per acre, authorized but not yet earned.....	482,248 17	
		815,943 67
Loss on Exchange Bank deposit.....		25,218 75
Quebec Court House bonds.....		200,000 00
		<u>\$37,320,504 47</u>

ASSETS.

Part of price of Q. M. O. & O. Ry., deposited in Banks.....	\$353,390 00	
do do invested in \$29,000 Pro- vince of Quebec bonds, loan of 1878, bought at 109%.....	31,610 00	
do do invested in Quebec Court House bonds.....	200,000 00	
do do invested in City of Quebec bonds.....	15,000 00	
Balance of price Q. M. O. & O. Ry., unpaid.....	7,000,000 00	
		7,600,000 00
Province of Quebec 3% Inscribed Stock.....	31,747 95	
Railway grant under Dominion Act 47 Vic., Cap. 8.....	2,394,000 00	
Cash in Banks.....	201,970 05	
Cost of Jacques Cartier School, Montreal, to be repaid from sale of property.....	5,391 11	
Claim <i>in re</i> late Honble. Thomas McGreevy.....	100,000 00	
Advances to various parties.....	161,832 89	
Quebec Court House tax, under 45 Vic., Cap. 26, and 48 Vic., Cap. 16.	200,000 00	
		<u>10,694,942 00</u>
Excess of Liabilities over Assets at 30 June, 1899.....		<u>\$26,625,562 47</u>